

# Eckler Special Notice

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## PENSION CHANGES IN STORE FOR MANITOBANS

Manitoba pension legislation is on the brink of a major overhaul and Canadian pension plan sponsors with Manitoba members will soon face some major changes to their plans.

The effective date is as yet unknown, but with Bill 10 expected to pass into law when the Manitoba legislature reconvenes this spring, sponsors may wish to begin evaluating the impact on their plans.

Many changes, such as the move to a minimum 60% surviving spouse's pension, are intended to bring the province in line with other jurisdictions, and are consistent with the Canadian Association of Pension Supervisory Authorities (CAPSA) proposed model pension law principles.

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### Plan amendments

Sponsors will need to deal with new and modified pension standards that will require amendments to their plans. Key areas of impact include:

- Vesting (immediate);
- Pre-retirement death benefits (to apply from July 1, 1976, instead of January 1, 1985);
- Part-time eligibility conditions (change in requirements for mandatory plan membership);
- Employer consent benefits (to be eliminated);
- Phased-in retirement (to be permitted);
- Postponed retirement (greater of continuation of pension accrual, or actuarial equivalent of normal retirement pension).

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### Pension committees

Each plan will be required to establish a pension committee to oversee plan management, unless it qualifies as a small, simplified or a multi-employer plan and is specifically excluded. The rules governing pension committee structure will require representation by active members and inactive members of the plan. The draft regulations will contain more detail on the operation of the pension committee.

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## **Plan administration**

Provisions that have an immediate impact on administration systems and processes should be addressed early, to allow time for implementation once the new law's effective date is announced. They include:

- Surviving spouse's pension calculations;
- Cohabitation requirement for spouses and common-law partners;
- Postponed retirement calculations;
- Phased-in retirement calculations;
- Optional contributions.

Details of the bill are available through the Government of Manitoba's website at:

<http://www.gov.mb.ca/chc/press/top/2004/12/2004-12-06-03.html>

If you'd like help assessing the impact on your plan, please contact your Eckler Partners consultant.

*This notice has been prepared for general information purposes only and does not constitute professional advice. If you require professional advice arising from the contents of this notice, you should contact an Eckler Partners consultant.*

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